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The President's Daily Brief

15 May 1973

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~~*Top Secret*~~ 25X1

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EYES ONLY FOR THE PRESIDENT

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

TOP SECRET

May 15, 1973

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The latest Salyut space station has malfunctioned, and the Soviets apparently have canceled the launch of cosmonauts who were to man it. *(Page 1)*

North Vietnam is sending fresh troops to northern South Vietnam. *(Page 2)*

The latest attack on the dollar has accelerated. *(Page 3)*

A Conference on Security and Cooperation in Europe may get under way in late June. *(Page 4)*

The USSR has invited Iran to join CEMA. *(Page 5)*

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USSR

The Salyut space station launched on May 10 has malfunctioned. Although the station is still transmitting signals, US radars show that two of its four solar panels apparently have not opened properly. This means that the station would not be able to generate adequate electricity to operate with cosmonauts aboard. There is also evidence that the propulsion system is not working. Soviet support ships that were in position to monitor a manned Soyuz mission have already begun to disperse, indicating that the operation has been canceled.

This is the fourth successive failure in the Soviet manned space station program. The first Salyut in 1971 had a fire on board and the three cosmonauts who visited the station were killed during re-entry. An attempt last year to launch another Salyut failed when its booster malfunctioned, and only last month a Salyut space station disintegrated after only two weeks in orbit.

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VIETNAM

Two new groups have been detected entering the infiltration system at Vinh en route to South Vietnam. These are the first combat troops noted at the top of the pipeline since early March. The groups, bound for the two northernmost provinces, contain some 1,000 troops.

The numbering sequence used suggests that some 2,500 other troops are also en route. In a possible reference to these troops, an intercepted message on May 10 showed that 3,500 persons in groups of 500 were scheduled to transit the Vinh area between May 10 and 19.

Although there is no indication of the specific assignment of these troops, some of them could be replacements for North Vietnamese units west of Hue. These units probably have suffered substantial casualties from ground clashes and government artillery fire along the Bo River Valley.

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INTERNATIONAL MONETARY DEVELOPMENTS

The attack on the dollar accelerated in European currency markets yesterday, and the dollar is now at its lowest level relative to the West German, French, and Swiss currencies since early March. The pound is higher than at anytime since it was floated last June, and the free market price of gold topped $100. The only intervention yesterday in support of the dollar was in London, where the Bank of England made "light" purchases.

The cause of this new pressure on the dollar is not clear. European traders cite political uncertainty in Washington, the poor performance of the New York Stock Exchange, worries about the US balance of payments, and the rising gold price. Whatever the cause, even a slight pressure on the dollar can rapidly become major and self-sustaining. Indeed, key international banks reported yesterday that multinational and other companies were accelerating their sales of dollars.

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CSCE

The preparatory talks in Helsinki are likely to wind up by the end of May, enabling the first stage of the Conference on Security and Cooperation in Europe to begin in late June.

The negotiators are trying to complete work on mandates defining the conference agenda. A mandate must be prepared for each of the general agenda categories: security, economic cooperation, human contacts, and implementation machinery.

Agreement on the human contacts mandate seems to be the key remaining problem. The majority of the NATO allies and most of the neutrals have agreed to have this mandate take note of the principle of "national sovereignty," to calm Soviet concern that Eastern societies might be adversely affected by greater contacts with the West. The Soviets are still holding out for a reference to "non-interference in internal affairs," however.

If this impasse can be broken, both sides appear ready to compromise on the principle of "inviolability of frontiers" contained in the security mandate. The Soviets apparently consider this the most important topic of the conference. The compromise would list the principle separately, as Moscow wishes, but imply that it is linked with the "non-use of force" principle to satisfy the West.

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NOTE

Iran-CEMA: One of the main purposes of Soviet Finance Minister Garbuzov's visit to Teheran last month was to invite Iranian association with CEMA, the Soviet bloc economic organization. [redacted] 25X1

[redacted] The Soviets appear to be playing on Iran's displeasure with the European Communities' restrictions on imports from Iran. Even so, the Shah's government will probably turn them down, on the grounds that association with CEMA is not likely to increase Iranian-Communist trade. Last year, the Indian Government refused a similar bid, but Iraq, which is being heavily wooed with Soviet aid, has applied for observer status in the organization, partly as a means of selling its oil. 25X1 25X1

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